

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE APRIL 8, 2014

SENATE BILL

No. 1090

Introduced by Senator Fuller

February 19, 2014

An act to amend Section 745 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 1090, as amended, Fuller. Electricity: rates: default time-of-use pricing.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law permits the commission to authorize an electrical corporation to offer residential customers the option of receiving service pursuant to time-variant pricing, as defined, and to participate in other demand reduction response programs, but prohibits the commission from authorizing an electrical corporation to employ mandatory or default time-variant pricing for any residential customer, except that beginning January 1, 2018, the commission may require or authorize an electrical corporation to employ default time-of-use pricing for residential customers, subject to specified limitations and conditions.

This bill would require the commission to ~~make specified findings~~ *explicitly consider whether hardship will be caused to customers living in hot, inland areas, and residential customers living in areas with hot summer weather* before it could require or authorize an electrical corporation to employ default time-of-use pricing to residential customers and would require the commission to submit its findings to the Legislature not less than 12 months prior to requiring or authorizing

an electrical corporation to employ default time-of-use pricing for residential customers.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 745 of the Public Utilities Code is
2 amended to read:

3 745. (a) For purposes of this section, “time-variant pricing”
4 includes time-of-use rates, critical peak pricing, and real-time
5 pricing, but does not include programs that provide customers with
6 discounts from standard tariff rates as an incentive to reduce
7 consumption at certain times, including peak time rebates.

8 (b) The commission may authorize an electrical corporation to
9 offer residential customers the option of receiving service pursuant
10 to time-variant pricing and to participate in other demand response
11 programs. The commission shall not establish a mandatory or
12 default time-variant pricing tariff for any residential customer
13 except as authorized in subdivision (c).

14 (c) Beginning January 1, 2018, and subject to the commission
15 making the findings required by subdivision (d) and reporting
16 those findings as required by subdivision (e), the commission may
17 require or authorize an electrical corporation to employ default
18 time-of-use pricing for residential customers subject to all of the
19 following:

20 (1) Residential customers receiving a medical baseline allowance
21 pursuant to subdivision (c) of Section 739, customers requesting
22 third-party notification pursuant to subdivision (c) of Section 779.1,
23 customers who the commission has ordered cannot be disconnected
24 from service without an in-person visit from a utility representative
25 (Decision 12-03-054 (March 22, 2012), Decision on Phase II
26 Issues: Adoption of Practices to Reduce the Number of Gas and
27 Electric Service Disconnections, Order 2 (b) at page 55), and other
28 customers designated by the commission in its discretion shall not
29 be subject to default time-of-use pricing without their affirmative
30 consent.

31 (2) The commission shall ensure that any time-of-use rate
32 schedule does not cause unreasonable hardship for senior citizens
33 or economically vulnerable customers in hot climate zones.

1 (3) The commission shall strive for time-of-use rate schedules
2 that utilize time periods that are appropriate for at least the
3 following five years.

4 (4) A residential customer shall not be subject to a default
5 time-of-use rate schedule unless that residential customer has been
6 provided with not less than one year of interval usage data from
7 an advanced meter and associated customer education and,
8 following the passage of this period, is provided with no less than
9 one year of bill protection during which the total amount paid by
10 the residential customer for electric service shall not exceed the
11 amount that would have been payable by the residential customer
12 under that customer's previous rate schedule.

13 (5) Each electrical corporation shall provide each residential
14 customer, not less than once per year, using a reasonable delivery
15 method of the customer's choosing, a summary of available tariff
16 options with a calculation of expected annual bill impacts under
17 each available tariff. The summary shall not be provided to
18 customers who notify the utility that they choose not to receive
19 the summary. The reasonable costs of providing this service shall
20 be recovered in rates.

21 (6) Residential customers have the option to not receive service
22 pursuant to a time-of-use rate schedule and incur no additional
23 charges as a result of the exercise of that option. Prohibited charges
24 include, but are not limited to, administrative fees for switching
25 away from time-of-use pricing, hedging premiums that exceed any
26 actual costs of hedging, and more than a proportional share of any
27 discounts or other incentives paid to customers to increase
28 participation in time-of-use pricing. This prohibition on additional
29 charges is not intended to ensure that a customer will necessarily
30 experience a lower total bill as a result of the exercise of the option
31 to not receive service pursuant to a time-of-use rate schedule.

32 (d) The commission shall not require or authorize an electrical
33 corporation to employ default time-of-use pricing for residential
34 customers unless it has ~~made both of the following findings relative~~
35 ~~to any proposed time-of-use rates:~~ *explicitly considered whether*
36 *hardship will be caused on either of the following:*

37 (1) ~~Customers located in hot, inland areas will not experience~~
38 ~~unreasonable summertime bills;~~ *areas,* assuming no changes in
39 overall usage by those customers during peak periods.

- 1 (2) ~~Seasonal bill volatility will not cause hardship for residential~~
2 *Residential* customers living in areas with hot summer weather,
3 *as a result of seasonal bill volatility*, assuming no change in
4 summertime usage or in usage during peak periods.
- 5 (e) The commission shall submit its findings made pursuant to
6 subdivision (d) to the Legislature not less than 12 months prior to
7 requiring or authorizing an electrical corporation to employ default
8 time-of-use pricing for residential customers.